

Temple-Inland Inc. is a major manufacturer of corrugated packaging and forest products with a diversified financial services operation. The Company's 2 million acres of forestland are certified as managed in compliance with ISO 14001 and in accordance with the Sustainable Forestry Initiative® (SFI) program of the American Forest & Paper Association to ensure forest management is conducted in a scientifically sound and environmentally sensitive manner. Temple-Inland's common stock (TIN) is traded on the New York Stock Exchange and the Pacific Exchange. Temple-Inland's Internet address is www.templeinland.com.

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Working Together to Create Value-Driven Economic, Environmental, and Social SUSTAINABILITY

"We continuously look for new opportunities to deliver higher levels of sustainability through internally developed programs and activities; through our supplier relationships; and new and expanding partnerships with environmental and community-based organizations."

- Kenneth M. Jastrow, II Chairman and Chief Executive Officer



At Temple-Inland, we are working together everyday to create value-driven economic, environmental, and social sustainability.

Supporting our efforts is a single vision, mission, and set of values, which are rooted in our commitments to our shareholders, customers, and employees. This set of principles provides us with a value-driven guide for interacting with our environment, workplaces, and communities. We are committed to operate in a way that is economically, environmentally, and socially sustainable.

Our commitment to sustainability presents us with many opportunities. First, we value the opportunity to participate in sustainability activities on the over 2 million acres of forestlands we manage, in the more than 200 communities in which we live and work, and in the world we all share.

Second, we continuously look for new opportunities to deliver higher levels of sustainability through internally developed programs and activities, our supplier relationships, and new and expanding partnerships with environmental and community-based organizations.

Finally, we value the opportunity to share our wide-ranging sustainability activities and achievements. This is evidenced by our selection as the packaging sector leader of the Dow Jones Sustainability Index for the fourth consecutive year since its inception. We are proud of our efforts which are exemplified in our many accomplishments and activities including these recent highlights:

 receiving the American Forest & Paper Association's Environmental & Energy Achievement Award for our "Conservation Forest Program" in 2003;

- becoming a charter member of the Chicago Climate Exchange;
- assisting low-income families through the Community Reinvestment Program;
- signing a five-year cooperative agreement with The Nature Conservancy in September 2002; and
- assisting 10 government agencies with recovery of the Space Shuttle Columbia debris that fell on our forestlands in Texas in 2003.

This report describes who we are and what we do. The report also introduces you to some of the people who bring Temple-Inland's corporate citizenship to life and touches on some of our success stories.

If you would like more information, please visit our Web site at www.templeinland.com.

If you have specific questions not answered in this Sustainability Report or through our Web sites, please email us at info@templeinland.com.

Thank you for your interest in our company's economic, environmental, and social sustainability activities and achievements.

Sincerely,

Kmt m. Jt. s. P

Kenneth M. Jastrow, II Chairman and Chief Executive Officer of Temple-Inland

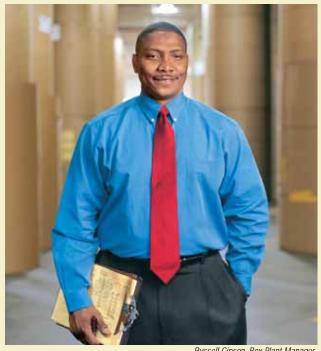
A COMPANY ON A JOURNEY TO BE THE BEST

About Our Company

Temple-Inland is a market-driven, customer-focused company. Our mission is to be the best by consistently exceeding customers' expectations, maximizing assets, lowering operating costs, and improving efficiency. Our operations include corrugated packaging, forest products, and a diversified financial services group. With headquarters in Austin, Texas, the company operates businesses throughout North America.



Temple-Inland is committed to consistently delivering high-quality, innovative products that meet customers' demands. Temple-Inland is focused on customers' needs and product quality — the cornerstones of an economically sustainable company.



Russell Gipson, Box Plant Manager

Corrugated Packaging

The principal product of Temple-Inland's corrugated packaging business is containerboard, which is used to create corrugated packaging and is the largest segment of the U.S. paper market. Containerboard is made using softwood fiber, and Temple-Inland's 2 million acres of forestland provide the majority of its fiber requirements. In addition, old corrugated containers (OCC) furnish 32 percent of Temple-Inland's fiber at its paperboard mills. Our Maysville, Kentucky and Ontario, California mills produce 100 percent recycled corrugated containers. In 2003, the corrugated packaging business encompassed 84 facilities including five containerboard mills, one corrugating medium mill, and 78 converting or other operations. These locations were dispersed throughout the continental United States with locations in Mexico and Puerto Rico. In 2003, the corrugated packaging operation accounted for approximately 58 percent of the company's revenue.



Emily Goodwin, Research Forester

Brief History — Corrugated Packaging

The corrugated packaging operation began in 1918 when Herman C. Krannert started making ventilated corrugated boxes for the shipment of baby chicks. These boxes met the growing need for lightweight and inexpensive containers to replace traditional wooden crates and barrels. The business thrived, even during the Great Depression of the 1930s, as the demand for corrugated boxes grew for domestic commerce. By 1939, the company had acquired four box plants and initiated vertical integration. The growth accelerated in the mid-1940s as the number of sites, the range of products, and the base of customers expanded. Today, Temple-Inland is the third-largest manufacturer of corrugated packaging in North America.

Forest Products

Temple-Inland's forest products business segment operates 19 plants and mills throughout the U.S. and in Canada. These facilities manufacture a wide range of construction and industrial building products including lumber and studs, wood trim and siding, particleboard, medium density fiberboard (MDF), gypsum wallboard, and fiberboard products. The forest products segment maintains an interest in a gypsum joint venture and an MDF joint venture. The forest products segment also manages the company's 2 million acres of forestland located in Texas, Louisiana, Georgia, and Alabama. In 2003, the forest products segment accounted for 17 percent of the company's revenues.

Brief History — Forest Products

The forest products segment began in 1893 when T. L. L. Temple purchased 7,000 acres of forestland in Angelina

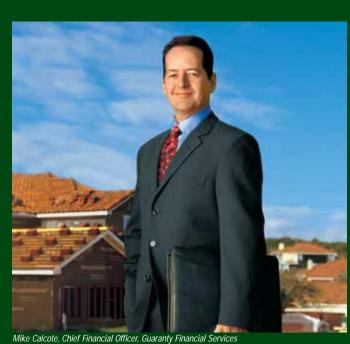
County, Texas. The company has continuously operated a sawmill at the original site since 1894. From the early 1900s to the housing boom following World War II, basic lumber products for the construction and furniture industries were produced using both pine and hardwood. By the early 1950s, technology advances allowed chips, sawdust, and shavings to be used to manufacture wood panels and fiberboard sheathing. During the next two decades, the company pioneered the early research and development of Southern Pine plywood, and began producing particleboard, gypsum wallboard, and other building materials.

Financial Services

Temple-Inland's financial services segment, operating under the name Guaranty Financial Services, offers a wide range of financial products and services. These include a full-service savings bank, mortgage banking, an insurance brokerage, and real estate development activities. Our savings bank activities are in Texas and California. Guaranty is one of the few financial services companies with the ability to offer banking, insurance, and mortgage services from a single source. In 2003, the financial services segment provided 25 percent of the company's revenues.

Brief History — Financial Services

The financial services segment began in 1954 as an outgrowth of an association of lumber dealers based in Austin, Texas. It was created to encourage home building and to help finance new houses. In 1971, the company acquired controlling interest of the business. In 1987, Temple-Inland purchased its first thrift, a savings bank in Kilgore, Texas. Since then, Guaranty has acquired more than 20 savings institutions throughout Texas, and in the late 1990s further acquisitions gave Guaranty a major presence in California.



OUR JOURNEY

At Temple-Inland, our goal is to have the highest return on investment — ROI — in our industry. To achieve this goal, we have a four-point strategy:

- Be a market-driven, customer-oriented company;
- Focus on corrugated packaging from an integrated platform, thereby eliminating the need for downtime and lowering costs through improved asset utilization;
- Maximize the value of forestland by aligning well-located converting operations with accelerated fiber growth and developing significant real estate opportunities on high value land; and
- Realize earnings and cash flow from financial services which is a low-cost, low-risk provider of financial products.

Working together as one company provides a business model that is efficient and supports lower operating costs. This will benefit our customers, employees, and communities for the long-term.

Success is not a destination – it is a journey – and today Temple-Inland is on a journey to become the best. To achieve this, Temple-Inland is mission-focused, values-based, and performance-driven. Our vision is what we are striving to become; our mission is how we plan to get there; and our values will serve as our guiding principles along the way.

VISION

Working together to create superior and sustainable value for shareholders, customers, and employees

MISSION

To be the best by consistently exceeding customers' expectations, maximizing assets, lowering operating costs, and improving efficiency

VALUES

Our Customers

- Understanding customer needs
- Translating our core competencies into superior products and services
- Delivering total value that meets customer needs and exceeds expectations
- · Becoming a long-term trusted advisor and preferred supplier
- · Developing and growing our customer base

Our Employees

- · Creating an environment of teamwork, mutual respect, and trust
- Providing employees with a safe workplace and the right resources
- Rewarding performance with competitive compensation and benefits
- Providing the opportunity for employees to develop and advance
- · Listening and being honest and open in communications
- · Striving for a diverse workforce

Operational Efficiency

- Effectively using capital
- Utilizing our assets efficiently
- Continually improving processes and quality, and lowering costs
- Leveraging best practices across products, services, and lines of business
- · Applying technology to transform how we do things
- · Creating an environment that fosters innovation and creativity

Corporate Citizenship

- Operating ethically and with integrity in all we do
- · Operating in compliance with applicable laws, rules and regulations
- · Making environmental stewardship part of each person's job
- · Investing in communities where we operate
- · Encouraging employee volunteerism and philanthropy

Financial Highlights (in millions, except per share data)	:	2003		2002	Change
Revenues	\$	4,653	\$	4,518	3 %
Income tax (expense) benefit*		194		(42)	N/A
* Income taxes in 2003 included a one-time benefit of \$165 million related t	to the resolution	n and settlement of pri	or year tax exa	minations.	
Net earnings		96		53	81%
Net income per diluted share		1.77		1.02	74%
Total assets	\$	4,638	\$	4,971	(7%)
Stockholders' equity	\$	1,968	\$	1,949	1%
Number of shares outstanding at year-end		54.6		53.8	1%
Selected Business Segment Data					
Revenues					
Corrugated Packaging	\$	2,700	\$	2,587	4%
Forest Products	\$	801	\$	787	2%
Financial Services	\$	1,152	\$	1,144	1%
Operating Income					
Corrugated Packaging	\$	(14)	\$	78	N/A
Forest Products	\$	57	\$	49	16%
Financial Services	\$	186	\$	171	9%

2003 Operational Highlights

Forestland ownership (acres)	2 million
Linerboard mills	5
Corrugating medium mills	1
Converting and other facilities	78
Forest Products plants (includes joint ventures)	19
Banking centers in Texas	97
Banking centers in California	46
Employees	17,700
Trees planted	24 million



For the fourth year, Temple-Inland led the packaging sector in sustainability

In 2003 the Dow Jones Sustainability World Indexes (DJSI) designated Temple-Inland as the leading company in the packaging sector for the fourth consecutive year in its annual assessment of leading sustainability-driven companies worldwide. The assessment covers 30 criteria and is based on individual company's economic, environmental, and social performance.

From a field of 2,500 of the largest capitalized companies in the Dow Jones Global Index, the DJSI included 300 companies from 22 countries that lead their industry in terms of corporate sustainability.

Temple-Inland has led the packaging sector since the DJSI was created in 1999.

Responsible Forest Management



"Our mission is to maximize the value of Temple-Inland's forestlands. The value must be realized in the short, intermediate, and long term, and is measured across our triple bottom line: financially, environmentally, and by the communities in which we live and work. The foundation of our success is anchored on the success of our customers, partners, and employees"

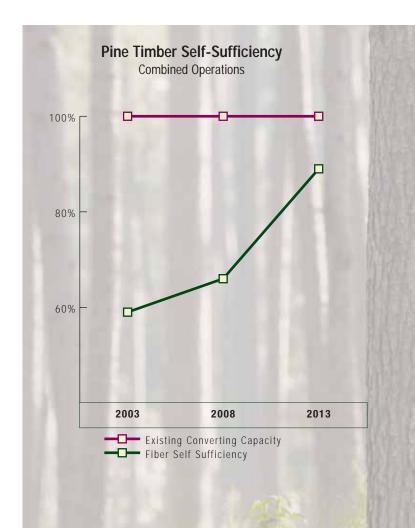
- Jim DeCosmo, Vice President, Forest

Temple-Inland forestlands provide 59 percent of the fiber requirements of the company's sawmills and container-board mills. Through improved tree genetics and silviculture practices, fiber growth on company forestland is expected to increase 50 percent in 10 years and to double in the next 30 years. As a result, the company's level of self-sufficiency will grow to almost 90 percent by the year 2013. This level of self-sufficiency will reduce outside purchases of fiber and thereby increase cash flow from the company's solid wood business unit.

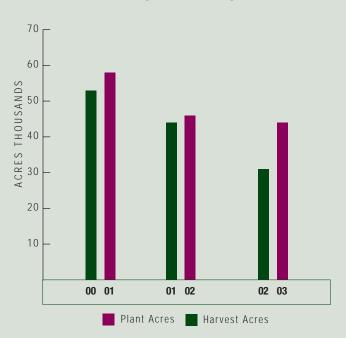
All 2 million acres of company forestland are located in Texas, Louisiana, Georgia, and Alabama. This southern forestland is not considered to be an old-growth forest, frontier forest, or rainforest according to World Resources Institute definitions (www.igc.org/wri).

Temple-Inland grows over 30 million seedlings each year in its nursery in Jasper County, Texas, and plants approximately 75 percent of these seedlings on company lands. The company donates approximately 1.5 million seedlings each year to landowners, the public, and conservation groups, including 80,000 bald cypress trees donated to the National Tree Trust. The remaining seedlings are sold.

Temple-Inland manages its forestlands using sophisticated technology. This technology includes GPS systems, spatial and economic models, and a unique land classification system to improve growth while maintaining environmental quality and a balanced ecosystem. The Value Web system matches customer requirements with specific trees, resulting in higher fiber recovery rates during the converting process.



Harvesting and Planting Acres



Temple-Inland harvests its forestlands employing a number of methods in order to prepare sites for regeneration and to ensure forest health. About 2 percent of the land is regenerated by planting seedlings while another 2–4 percent of the land is selectively harvested to improve forest health or in preparation for natural regeneration.

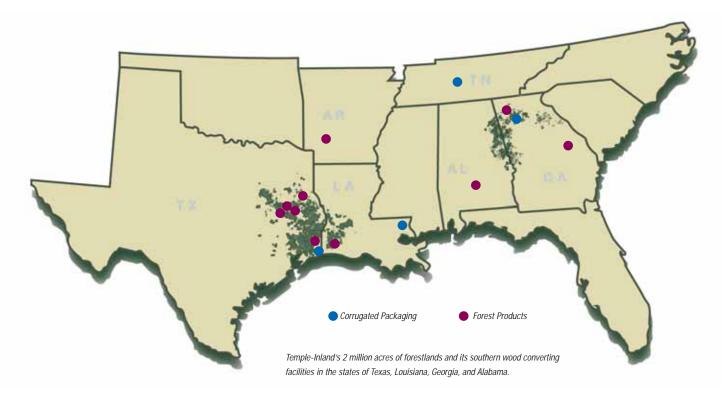


Pine seedling ready for planting

To quote Temple-Inland's Chairman and CEO Kenny Jastrow, Temple-Inland's forestland holdings are "the fabric of the company."

One of the company's key operating strategies is to maximize the value of its forestlands through accelerated fiber

growth that is aligned with well-located converting operations and developing significant real estate opportunities on high-value land. Our southern converting facilities are strategically located near our forest holdings, a distinct advantage in a highly competitive industry.



Temple-Inland's Distinctive Sites Program

Temple-Inland's Forestry Principles include the designation, management, and protection of Distinctive Sites within its 2 million acres of forestlands. These areas are unique in biological, geological, archeological, or historical significance. The company has designated 17 Distinctive Sites. Temple-Inland foresters nominate sites and a Distinctive Site Team, composed of company forest management and communications professionals, reviews and recommends new sites to include in the program.

	TEMPLE-INLAND DISTINCTIVE SITES as of January 2004					
Distinctive Site	Location	Distinctive Features				
Beef Creek Waterfall	Jasper County, TX	20-foot waterfall, sandstone-bottomed creek, and a mix of loblolly, longleaf, dogwood, and oak trees				
Eleven-Log Pine	Jasper County, TX	Peninsula supporting a pine forest over 60 years old and a 142-foot tall Eleven-log Pine tree				
Hamilton Swamp	Jasper County, TX	Cypress-tupelo backwater slough in the flood plain of the Angelina River				
Money Hole	Jasper County, TX	Deep hollow containing giant beech and magnolia trees and a stream				
Paradise	Jasper County, TX	Home to a Beech/Magnolia Hammock situated between four creeks				
Arkansas Oak	Jasper County, TX	Home to the state champion Arkansas Oak, one of few representative species growing in Texas				
Naconiche Bog	Rusk County, TX	Exceptionally deep sands containing rare plants				
Peter Cauble Prairie	Tyler County, TX	Approximately 1,350 acres of rare habitats including blackland prairie and associated communities, the only communities not currently represented within the Big Thicket National Preserve				
Reindeer Moss Ridge	Newton County, TX	A very arid site on which lichens grows				
Silky Camellia Colony	Newton County, TX	The only location of silky camellia in Texas				
Wild Azalea Canyon	Newton County, TX	Rugged and scenic canyon home to wild azaleas that has open access to the public				
Little Amphianthus	Heard County, GA	Federally threatened Little Amphianthus (also commonly called Pool Sprite), a small plant, barely rooted and floating in the shallow, ephemeral pools on the harsh, yet beautiful environment of granite outcrops				
Lowry Bat Cave	Chatooga County, GA	Location of one of the three known Federally endangered Gray Bat colonies (4,000 to 9,000 bachelor bats) in Georgia				
Regal Spring	Chatooga County, GA	Unique spring flows with estimated 10 million gallons of water daily from a limestone fissure on the banks of Armuchee Creek				
Lost Prairie	Floyd County, GA	Nearly treeless wet-prairie home to at least 10 rare and sensitive plant species, including a Federal candidate species, whorled sunflower, and the Federally threatened Mohr's Barbara-buttons protected by a 929-acre conservation easement held by The Nature Conservancy				
Wolf Den	Cherokee County, AL	A refuge for a diversity of wildflowers and ferns usually found in more northern climes, this site features a small stream that flows into a sinkhole at the base of a 120-foot tall limestone cliff				
Crown Point	Calcasieu Parish, LA	An ecologically diverse site with five different communities represented including a critically imperiled (G1) community, an incredibly pristine cypress-water tupelo forest, and rare pine savannas				



Temple-Inland Distinctive Site — Beef Creek Waterfall, Jasper County, Texas

Distinctive Sites featured in Texas Highways magazine

Texas Highways magazine, Texas' premier tourism publication with a national circulation of approximately 280,000, featured areas of interest on Temple-Inland's Jasper County Texas forestland in its June, 2004 publication.

The article is authored and photographed by Stephan Myers and co-authored by Janet R. Edwards.

Landmark Agreement Protects Rare Whorled Sunflower

Temple-Inland, The Nature Conservancy, and the Georgia Department of Natural Resources have signed a landmark conservation agreement to protect the Coosa Valley Prairie Management Area.

Years of responsible management by Temple-Inland on the 929 acres of forstland in Floyd County, Georgia, renowned for its unique ecosystem, enabled the agreement. In this unique mountain land, pine forests surround more than two dozen miniature prairies — an ecosystem more commonly seen in the Great Plains states. The area is home to 41 rare and endangered animals and plants, including a colony of whorled sunflowers, a species previously thought to have disappeared 100 years ago.

Since 1998, Temple-Inland has protected the whorled sunflower in the Mud Creek area in Floyd County, Georgia as part of its Distinctive Site program. About 90 percent of the known individuals of this species exist on Temple-Inland forestlands. The conservation agreement will further protect and maintain this rare species' habitat.

Temple-Inland's work in developing the habitat includes closing access roads, using controlled burns, and employing a selective harvest to clear away thick canopies and create the sunny conditions the species needs to thrive. Using some of its natural forest management practices, the company will implement a selective silvicultural regime, prohibiting the use of herbicides and mechanical site preparation.

Sustainable Forestry Facts

- Total number of seedlings grown in Temple-Inland nurseries since 1956 is approaching one billion. Through 2003, the total is 916,297,000.
- During the 2004 growing season, 32,500,000 seedlings were grown. Temple-Inland plants about three-fourths of the seedlings on company land. The remaining trees are sold, donated or provided to non-industrial private landowners.
- 30,000 acres of forestland are specifically designated as wildlife management areas.
- 198,000 acres are entered into formal and informal cooperative agreements to specifically benefit wildlife.
- Between 20 percent and 30 percent of company-controlled forestlands are classified as natural forests that are managed to allow for natural regeneration.
- Over 15,000 acres are specially managed for endangered species including the red-cockaded woodpecker, bald eagle, swallow-tail kite, and Louisiana pine snake as well as other critically imperiled plant species and communities.
- The company's landowner assistance program is designed to help non-industrial private landowners manage their forestlands.



The whorled sunflower is one of the rare or sensitive plants that grow in the Mud Creek area, a three-acre glade in the larger Coosa Valley Prairie in Floyd County, Georgia.

Temple-Inland Earns AF&PA's Forest **Management Award**

Temple-Inland's Conservation Forest Program earned one of industry's highest honors when the American Forest & Paper Association recognized the program and the company with its 2003 Forest Management Award.

The Temple-Inland Conservation Forest Program is one of the first of its kind in the nation. The program was created to identify, conserve, and enhance sensitive areas on the company's industrial forestlands, and to achieve a higher level of balance between lowcost fiber production, biodiversity, forest health, water quality, wildlife, and other special uses.

Sensitive areas included in the Conservation Forest Program include:

- Conservation easements totaling 6,000 acres as of 2003
- Wildlife management areas
- Endangered and threatened species sites (including the red-cockaded woodpecker and bald eagle habitat)
- Imperiled ecological communities such as longleaf pine, cypress/tupelo, prairies, bottomland hard wood
- Distinctive Sites (sites with unique cultural, biological, geological, archeological, or historical significance)
- "Natural Forest" areas
- Priority riparian corridors
- Upland wildlife corridors
- Aesthetic management zones
- Enhanced streamside management zones

RCW Population Grows

Thirty-two growing families of endangered red-cockaded woodpeckers (RCW) are thriving thanks to the company's RCW Habitat Management plans in Texas and Louisiana.

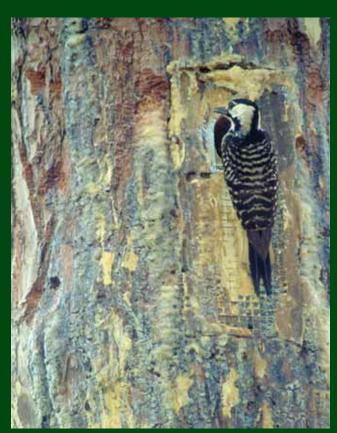
The program began in Texas with just four breeding groups of between two and four birds on 5,000 acres of safe harbor at Scrappin' Valley's wildlife management area. Today, the population at Scrappin' Valley has grown to 11 groups. There are now a total of 14 groups in Texas and an additional 18 groups in Louisiana on lands managed by Temple-Inland.

Today, Temple-Inland manages over 10,000 acres company-wide for the RCW. Early research showed significant interaction between Texas birds at Scrappin' Valley and RCW populations in nearby Sabine National Forest. The company established its RCW Management Plan in 1998 and enrolled in the Texas Regional Habitat Conservation Plan in 1999 through an agreement with the Texas Parks & Wildlife and the Texas Forest Service. The original agreement included the 5,000 acres of safe harbor at Scrappin' Valley. In Louisiana, the company has signed a Memorandum of Understanding establishing a RCW population baseline at 10 groups on company owned forestland with 2,000 acres managed for habitat.

According to Ross Carrie, president of Raven Environmental Services, the company that helped move the RCW group, the success of Temple-Inland's program is due to three factors.

"Temple-Inland implemented special harvests to create an open pine forest habitat preferred by RCWs," said Carrie. "Then the company jump-started the process to help accelerate the population's growth by inserting man-made cavities into trees in the new habitat. The third step is the transfer of juvenile birds each fall and winter from the company's other RCW management areas in Louisiana and Texas."

Accomplished with the permission of the states and the federal government, these relocations support the formation of groups that can eventually add to the RCW population. According to Temple-Inland biologist Don Dietz, the company's RCW plan is a win for an endangered species by relocating isolated groups to much better habitat in areas where other populations reside nearby. Furthermore, the RCW management areas provide habitat for other rare species like the Bachman's sparrow and Louisiana pine snake, as well as some globally imperiled ecosystems like longleaf pine savannah, catahoula barrens, and pitcher plant bogs.



The federally endangered red-cockaded woodpecker nests in a man-made insert at Temple-Inland's 5,000-acre conservation area.

FOREST STEWARDSHIP

Everyone Wins With Sustainable Partnerships



lemple-Inland and The Nature Conservancy have worked together since 1977, to protect unique and ecologically important sites such as the Roy E. Larsen Sandyland Sanctuary in Hardin County,

Texas. In 2002, this partnership expanded with the signing of a landmark five-year cooperative conservation agreement that "will advance our pursuit of continuous environmental improvement," said Jim DeCosmo, Vice President, Forest.

This agreement is one of the first in the nation to establish a framework for accomplishing mutually beneficial conservation goals between a corporation and The Nature Conservancy. Together, the two organizations pledge to identify, protect, and manage sites of unique conservation value. The first joint project created under this new agreement is the Coosa Valley Prairie Management Area consisting of 929 acres in the mountains of north Georgia.

The cooperative agreement combines Temple-Inland's Forestry Principles and The Nature Conservancy's Conservation by Design program. Highlights of the agreement include:

- Ecological land classification system and biological inventories to identify and assess ecologically significant sites
- Monitoring programs for managing ecologically sensitive species and communities
- Mutual assistance in conducting restoration and management activities at ecologically significant sites

Research Projects Reveal Wonders of Nature

During a 1995 rock-collecting trip on Temple-Inland forestlands along the Coosa River Valley near Rome, Georgia, Bill Montante, an amateur paleontologist, found something unusual that ignited his curiosity and gave birth to a hypothesis that has become the focus of a two-year research project funded by National Geographic.

Montante found the fossil of an inch-long creature called a trilobite, the first hard-bodied creatures that crawled the ocean floor during the Middle Cambrian geological period about 500 million years ago.

Montante took his findings to Dr. David Schwimmer, professor of geology at Columbus State University in

Columbus, Georgia. Dr. Schwimmer secured funding from National Geographic to help assemble and expand the research project.

Peeling back layers of rock along the Coosa River, which had been laid down hundreds of millions of years ago, the pair found algae, sponges, worms, brachiopods (shells), and more trilobites. Temple-Inland supported the research project by permitting access to the company's protected Coosa River Valley forestland. "The company has been most cooperative in allowing us access to this sensitive property," said Dr. Schwimmer.

The findings of Montante and Dr. Schwimmer were reported in a technical paleontology publication. Many of the fossils found will go to the National Museum in Washington, D.C.

Temple-Inland is supporting additional ongoing research projects including a team of researchers investigating the population and biology of the Louisiana pine snake, leaf-cutting ants, and the variety of fungi found in the forest. "We welcome the assistance of experts in gaining knowledge about the wonders of nature contained in our forestlands," said Dick Fisher, Applied Research & Development Operation Leader.

From the rare longleaf pines in east Texas to the endangered whorled sunflower of northern Georgia, Temple-Inland is committed to managing its 2 million acres of forestland in a manner that maintains, enhances, and balances fiber production, wildlife, plant life, water quality, air quality, and aesthetics. With stewardship of some forests of 100 years and more, we can point with pride to our results of sustainable forest management. While there are no old-growth forests within Temple-Inland land holdings, roughly 20 percent of Temple-Inland's total land base has been set aside for water quality and habitat protection, threatened and endangered species protection, and longterm preservation of unique sites. Approximately 6 percent of the company's commercial land holdings are harvested annually. Individual harvests are based on site-specific characteristics including water quality, soil composition, nutrient levels, and adjoining landscapes. Each site is carefully considered for its intrinsic nature and scientifically evaluated to ensure a balance between forest diversity and individual site quality.



When the shallow granite depressions of Little Amphianthus fill with water, the dormant seeds of the plant of the same name will spring to life. Temple-Inland and The Nature Conservancy have entered into a cooperative conservation agreement to conserve the area, part of Temple-Inland's Coosa Valley Prairie Management Area in Georgia.

Environment, Health, and Safety Stewardship



"Respect for the environment has been a foundation of Temple-Inland for over 100 years. From proactive environmental renewal projects, to the conservation of existing resources, to dramatically reducing waste, Temple-Inland has maintained an active, multifaceted, and ever-evolving environmental sustainability program. As a result, our environmental sustainability program is achieving outstanding results everyday. These results will deliver significant benefits for generations to come."

- Dr. Richard Reisenweber, Vice President, Environmental, Health and Safety

emple-Inland's Environment, Health, and Safety (EHS) policy is the foundation for the company's pledge to care for the environment and the health and safety of employees, customers, and neighbors. It is the policy of Temple-Inland to conduct business in a responsible manner in compliance with applicable environment, health, and safety laws and regulations. In addition, the company is dedicated to a policy of continuously improving Temple-Inland's EHS processes including pollution prevention, environmental and safety management systems, and sustainable use of natural resources.

All Temple-Inland employees are responsible for maintaining an environmental awareness of their respective job sites, practicing environmental stewardship in the performance of their job duties, and for endeavoring to minimize the environmental impacts of Temple-Inland operations.

Temple-Inland employees whose jobs impact, or have the potential to impact, the environment and/or the health and safety of our employees, receive appropriate training. These established training programs are designed to create awareness, minimize the impact of operations on the environment, and help ensure the health and safety of our workforce.

Temple-Inland manufacturing and forest locations operate under a rigorous EHS management system framework. Through Bureau Veritas Quality International (BVQI), all 2 million acres of company forestland are registered and third-party certified to the internationally recognized ISO 14001 environmental management system standard as well as the AF&PA Sustainable Forestry Initiative* (SFI). Mature environmental management systems conforming to or patterned after the ISO 14001 standard have been implemented at all manufacturing locations.

Temple-Inland's rigorous environmental and safety systems are geared toward pollution prevention, waste minimization, and accident avoidance, and have allowed our manufacturing locations to achieve and maintain several certifications. These include Forest Stewardship Council (FSC), SFI*, SFI* On-Product Labeling, Scientific Certification Systems (Green Cross) and OSHA's Voluntary Protection Program (VPP). Manufacturing locations have received numerous awards and recognitions for outstanding environmental and safety performance. The Dow Jones Sustainability Index has recognized Temple-Inland as the packaging sector leader every year since the Index began in 1999. In 2004, Temple-Inland was recognized for this highly regarded designation for the fourth consecutive year.

2004 Environmental Health and Safety Goals

In the spirit of our EHS policy, Temple-Inland's corporate EHS group develops and adopts goals on an annual basis. All manufacturing and forest locations develop site-specific goals. Performance against these goals is monitored and reported to the corporate EHS group and reviewed each quarter by the Temple-Inland Board of Directors.

When developing site-specific goals and/or objectives and targets, manufacturing and forest locations consider their environmental aspects and impacts, the Environmental Safety and Health Policy and Temple-Inland corporate EHS goals. The 2004 goals and targets are presented as appropriate throughout this report.

Assuring Compliance with a Web-Based MSDS Management System

The corrugated packaging operation initiated a program to significantly increase its assurance of compliance while concurrently saving hundreds of work-hours by changing the way Material Safety Data Sheets (MSDS) are managed. Prior to 2000, each facility managed its MSDS program independently. Today, facilities utilize a Web-based system, which manages over 11,000 MSDS documents for over 80 locations. According to Christopher Weber, Safety Manager, "The improved productivity and efficiency results in significant compliance and cost containment benefits." Based upon the great success seen in the corrugated packaging business unit, other manufacturing business units have successfully implemented this system.

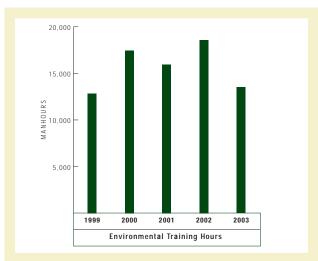
2004 GOAL

Fully implement the Web-based MSDS system in all manufacturing operations.

EHS Training

All Temple-Inland manufacturing employees are responsible for environmental awareness and for reducing environmental impacts of our manufacturing processes. All employees whose jobs potentially impact the environment receive environmental training under established programs designed to create environmental awareness and minimize the impact of operations on the environment. This principle is included in the company's Environmental Policy.

Temple-Inland has established safety and health accountability throughout its operations to achieve continuous improvement in workplace safety and health.

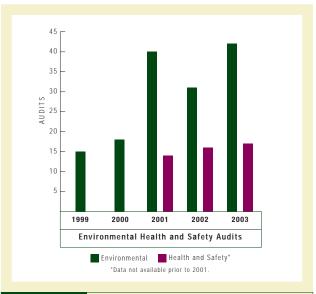


2004 GOAL

Review environmental and safety training as tasks included in the agenda of the Corporate Compliance Committee.

EHS Audits

Since 1995, the Temple-Inland audit program has provided in-depth assessments of company environmental, health, and safety programs. The audit program drives compliance by focusing on conformance to the company's EHS policy, environmental and safety management systems, and compliance with federal, state and local requirements. The audit program mandates routine auditing of all manufacturing and forest locations, follow-up on corrective actions, and management review of audit results by executive management and the Temple-Inland Board of Directors. Third-party audits as well as internal audits are conducted. Internal audit teams are led by a corporate EHS professional and include other environmental health and safety team members independent of the facility or area being audited.



2004 GOAL

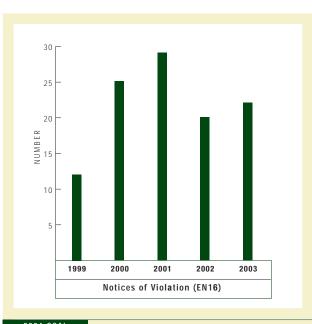
Conduct 42 Health and Safety and 42 Environmental Audits at the manufacturing and forest locations and facilitate timely closure of audit findings.

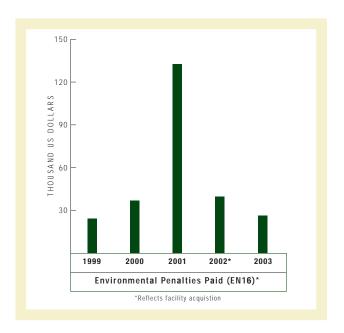
ENVIRONMENTAL PROGRAMS

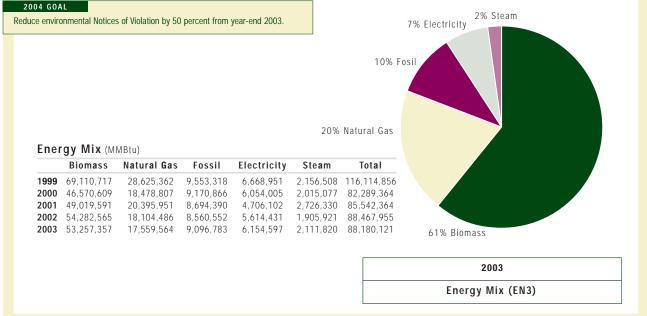
Monitoring, Measurement and Conformance

Each Temple-Inland manufacturing operation must measure the characteristics of its discharges or emissions on a basis as prescribed by the operation's permits or registrations. Some operations may measure compliance to permit, regulatory, or corporate expectations through more subjective tests such as by observations of forest practices or land development planning and implementation. Quantitative monitoring programs usually require that certain prescribed testing protocols be maintained and documented. The monitoring results are usually reported periodically to regulatory agencies.

Strict procedures are maintained for handling non-conformances. Corrective actions are initiated, including investigating the cause, any adverse impacts, potential remedies, and other regulatory requirements. Non-compliance is reported immediately to the appropriate company environmental management system representative, and, if appropriate, to an agency in cases of non-compliance with a permit, registration, or license.







EPA Recognizes Maysville Mill's Environmental Stewardship

The Maysville, Kentucky containerboard mill has earned one of the most distinguished environmental recognitions — membership into the U.S. Environmental Protection Agency's National Performance Tracking program. By extending membership to the mill, the EPA recognizes the facility for voluntarily going beyond compliance with regulatory requirements, implementing an environmental management system, and taking recognizable steps to benefit the environment, people and communities.

In receiving this recognition the Maysville mill holds a notable distinction: it is only the fifth facility in Kentucky to be recognized by the EPA.

"We could not have achieved this accomplishment without every employee's commitment to the environment and to continuous improvement at every level of our operation," said Marc Cates, mill manager. "We will display our EPA emblem with pride."



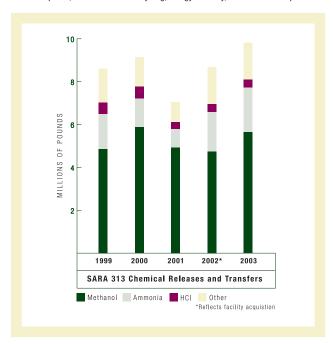
Melissa Wiegand, Technical and Environmental Manager (left), and Tom Crump, Fire/Environmental and Lubrication Technician at the Maysville. Kentucky containerboard mill (right), accept the certificate of distinction on behalf of the mill from A. Stanley Meiburg (middle), the Region 4 EPA Deputy Administrator.



Temple-Inland controls its air emissions in a manner consistent with federal, state, provincial, and local laws, regulations, rules, and ordinances. The company's environmental policies and principles (see page 38) have been developed to ensure and maintain compliance.

SARA 313 Chemical Releases and Transfers

The following chart details EPA-designated chemicals emitted into the air, as reported to the U.S. government under the Superfund Amendment and Reauthorization Act (SARA) Title III for facilities in the United States. The chart summarizes by-year total SARA releases onsite into the air, and transfers off-site to publicly owned treatment works such as sewage treatment plants; and transfers for recycling, energy recovery, treatment and disposal.



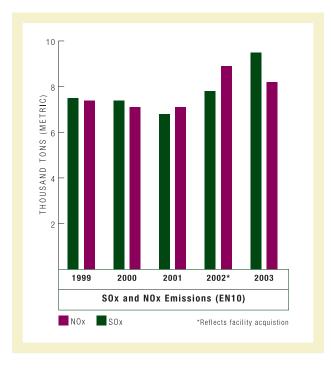
Advancing Technology to Lower Emissions

Temple-Inland's corrugated box facility located in Tracy, California has significantly lowered its Volatile Organic Compound (VOC) emissions and gained the distinction of being the first facility in North America to employ a new low-environmental emissions ink technology.

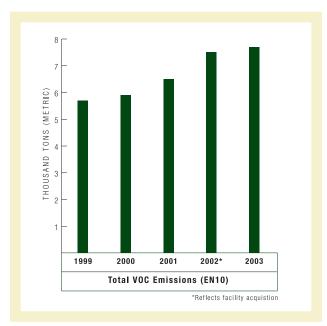
To assure compliance with local VOC regulations while maintaining capacity goals, Temple-Inland worked with local suppliers and vendors to quickly create a new ink system which decreased the VOC content of inks used by 37 percent.

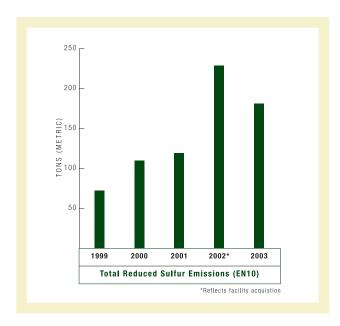
Temple-Inland received approval to use the new ink system in 2003. Since then, while production has increased, VOC's as well as hazardous air pollutant emissions have decreased significantly.

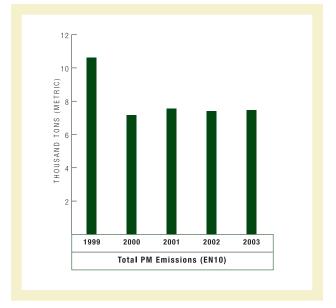
SOx and NOx Emissions



Total VOC Emissions





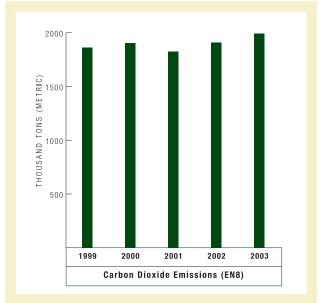


To assist us in achieving the highest possible level of environmental stewardship, Temple-Inland partners with and supports a number of national, state, and local trade associations and business leagues that actively participate in the private sector and the public sector by interacting with government concerning legislative and regulatory developments. Chief among these are the American Forest & Paper Association (AF&PA), the National Council for Air and Stream Improvement (NCASI), the International Leadership Council of The Nature Conservancy, the Global Environmental Management Initiative, and the U.S. Business Council for Sustainable Development.

Temple-Inland Participates in Chicago Climate Exchange

Today the environment has a group of very important friends — some of the leading U.S. and international businesses, including Temple-Inland. These companies joined together in 2003 and made history when they became charter members of the Chicago Climate Exchange*, Inc. (CCX*), a voluntary cap-and-trade program, in an effort to develop market-based solutions to global warming.

The CCX's founding members made the commitment to reduce greenhouse gas emissions by 4 percent below the average of their 1998-2001 baseline by 2006, the last year of the pilot project.



Chicago Climate Exchange®

The CCX will enable the businesses to receive credit for reductions, and to buy and sell credits in order to find the most cost-effective way of achieving reductions. The companies believe that pioneering market-based projects like CCX will help lead the way to achieving significant environmental improvements in the most cost-effective manner possible.

2004 GOAL

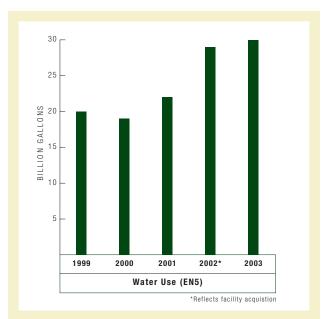
Develop a system for greenhouse gas emissions data management for AF&PA and the Chicago Climate Exchange reporting requirements and incorporate greenhouse gas emission management in site planning.

WATER

Temple-Inland's wastewater program has been developed to ensure compliance with applicable regulations and to minimize potential deviations from the company's environmental policy and objectives. Water conservation and pollution prevention are paramount goals, and several operations in the company are achieving outstanding results.

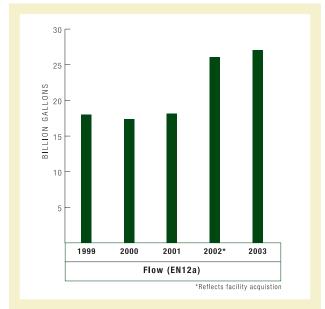
Four of Temple-Inland's corrugated packaging facilities — Biglerville Pennsylvania, Edinburg, Texas, Imperial Valley, and Tracy, California — have made tremendous strides in water conservation and pollution prevention through the use of zero discharge technology, which involves installing physical/chemical treatment processes that allow treated process water, once discharged, to be recycled and used again as make-up water in the packaging process. This allows these facilities to dramatically decrease the amount of supply water required and effluent discharged on a daily basis.

In addition to these environmental benefits, the facilities have seen a significant cost savings as well. Based upon the success seen at these facilities, several other corrugated box plants have been identified to install zero discharge technology. In the spirit of continuous improvement and conservation of natural resources, our corrugating facilities are also evaluating closed-loop cooling systems at a number of facilities that will conserve an additional 2-3 million gallons of water per year.



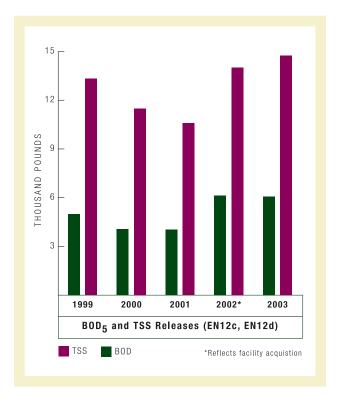
2004 GOAL

Reduce water usage at the virgin liner mills by 10 percent from year-end 2003 usage.



2004 6041

Expand the water management strategy for water supply and receiving water quality inventory and develop site plans for water reuse and water reduction/conservation.



WASTE

emple-Inland is a large consumer of old corrugated containers for direct conversion into new containers. The company utilizes almost a million tons of used corrugated boxes (32 percent of total furnish) each year as raw material for new corrugated boxes.

Enriching Farm Land with Solid Waste Recycling

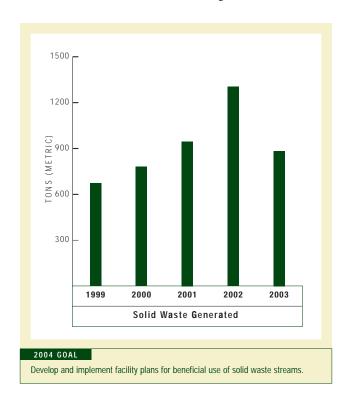
Today, 3,000 tons of solid waste from Temple-Inland's paper mill in Bogalusa, Louisiana, are beneficially used in an innovative program to fertilize farmlands — instead of taking up space in a landfill. The paper mill's waste recycling effort began in the mid-1980s and has grown to today's present totals due to word-of-mouth advertising among the area's farmers.

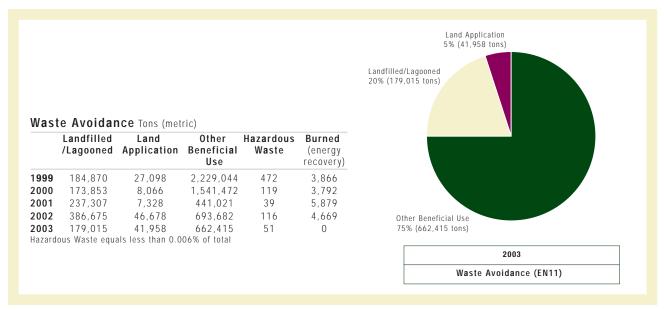
This highly productive sustainability action step is enriching both the farms and the environment. The mill's 3,000 tons of pressed sludge is delivered each month to a staging area, where trucks are dispatched to fill orders from participating farmers.

Inspired by its success and encouraged by recognition from the Louisiana Department of Environmental Quality, the mill has also created programs to sell its lime mud and boiler ash to local farmers for agricultural purposes. Currently the mill is recycling about 1,800 tons of boiler ash annually and all the lime mud generated.

The Bogalusa mill is one of several Temple-Inland facilities gaining ground in solid waste recycling. For example, the linerboard mill in Orange, Texas, recycles over 50 percent of its lime mud through partnerships with local landowners.

The Bogalusa mill's recycling success was recognized by the Assistant Secretary of the Louisiana Department of Environmental Quality, John Koury, who said the Bogalusa Mill "is to be complimented for the contributions you have made in your tenacious efforts toward development of beneficial re-uses for the wood waste sludges."





EMPLOYEE HEALTH AND SAFETY PROGRAMS

Temple-Inland is focused on employee health and safety at every level of business operation. To this end, the company has a number of health and safety programs in place that are continually evaluated and improved.

2004 GOAL

Introduce, develop and continue implementing of high performance safety programs that target safe behaviors and actions.

- Industrial Hygiene— A comprehensive Industrial Hygiene program and frequent auditing of operating activities allow for the identification and correction of the most common causes of employee discomfort in the workplace.
- Health and Wellness— Company-sponsored health and wellness incentive programs encourage employees and their families to lead healthy lifestyles.
- Safety Management System— Temple-Inland has implemented safety management systems patterned after the proposed ISO Safety Management System Standard at all manufacturing facilities. These safety management systems consist of a multi-phased process of education and review to ensure optimum compliance with national safety laws and regulations, as well as Temple-Inland's safety guidelines.
- Behavior-Based Safety (BBS) Programs— BBS
 Programs, implemented at a number of TempleInland manufacturing locations, combine the latest
 behavioral science with good organizational design
 principles and upstream performance metrics to
 achieve a unique perspective on the causes of accidents and their long-term solutions. The behaviorbased approach addresses traditional concerns such
 as attitudes and awareness but goes beyond these
 issues to their root causes. Temple-Inland's BBS programs are dynamic and adapt to new safety challenges
 as they are identified.

Health and Safety Committees— Numerous Temple-Inland manufacturing locations have active and valuable Health and Safety Committees. Many of these committees, comprised of corporate EHS staff, facility management and staff from all departments at the facility, meet as often as monthly and perform tasks such as program/policy development and implementation, safety awareness training, metrics trending, and tracking and safety goal development.

Safety Metrics Tracking— Occupational illnesses and injuries are reported as they occur through data management software available at all manufacturing locations and corporate offices. This information is consolidated monthly and distributed to management for review. Information from safety metrics tracking is used in the development of annual safety performance goals.

2004 GOAL

Assist each business line in developing measurements for monitoring safety and health performance using such measures as safety performance indexing; total incident rate (TIR), lost time incidence rate (LTIR); Days Away Restricted and Transfer (DART); and worker's compensation activity.

Safety Performance Indexing— Safety Performance Indexing (SPI) augments our existing safety metrics used for measuring and trending safety performance. SPI involves identifying and tracking activities and behaviors that directly affect safety performance. By tracking and managing these indicators in real time, Temple-Inland manufacturing locations are able to identify and address areas of concern before they result in an incident.

2004 GOAL

Introduce, develop, and continue implementing safety performance indexing at all manufacturing locations.

Prepared for Emergencies

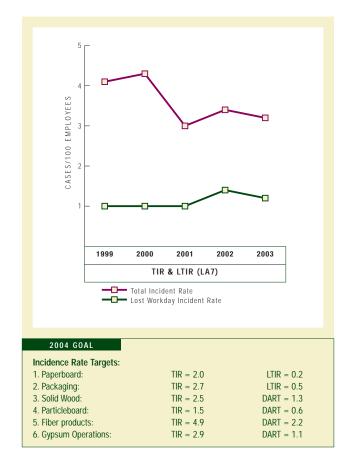
An especially important community service performed by several teams of employees within Temple-Inland is emergency response, including rescue and fire management. One of these groups is the Diboll Complex High Angle and Confined Space Rescue Team, made up of employees from the particleboard, lumber, and fiber products plants in Diboll. For 10 years this group has had a mutual aid agreement with the cities of Diboll and Lufkin, Texas to assist with any confined space or high angle rescue.

Temple-Inland Facilities Reaching for OSHA's VPP Star

The Occupational Safety and Health Administration (OSHA) regulates safety at over six million worksites across the United States. Of those sites, only about 500 have achieved OSHA's highest safety honor — the Voluntary Protection Program's (VPP) STAR award. The first Temple-Inland facility to achieve this recognition was the Gypsum Wallboard plant in Fletcher, Oklahoma in 2000. The Southwest Louisiana Lumber Operation in DeQuincy, Louisiana achieved the recognition in 2004.

To qualify for the prestigious STAR award, a plant or mill must show an average three-year incident rate below the national average in its industry and meet 19 safety standards in the areas of management commitment, employee involvement, worksite analysis, hazard prevention and control, and employee training. Receiving the award means that the worksite is designated as a model for safety in the industry.

Approval into VPP is OSHA's official recognition of the outstanding efforts of Temple-Inland employees and management who have built and fostered a long-term proactive health and safety culture. The Fletcher Wallboard Operation has recently received its four-year re-certification for the VPP Star award and other Temple-Inland facilities are preparing for their acceptance into the program.





Containerboard produced at Temple-Inland's Ontario, California and Maysville, Kentucky mills is composed of 100 percent old corrugated containers.

CORPORATE CITIZENSHIP



"It is our firm belief that by generously supporting a culture of sustainability among our employees and within our communities, we will further our century-long reputation as a socially responsible corporate citizen. What's more, in this way we will remain a social sustainability leader for the next 100 years — and beyond."

- Mike Kelly, Vice President, Human Resources

Temple-Inland Builds and Supports a Culture of Corporate Citizenship

Temple-Inland affects the lives of thousands of people across the country. Whether it's through the wide range of home building materials, the extensive corrugated box production, the full-service financial services organization, or the ecologically diverse forestlands — the company makes significant contributions to people's lives. Temple-Inland recognizes that with these contributions come many important social responsibilities. As a result, the company supports a wide range of social sustainability activities all aimed at improving quality of life.

Temple-Inland's greatest resource is its employees. The talent, vision, and commitment of each employee are the keys to the Company's success. Today, all employees at Temple-Inland's numerous business locations across North America are fully supported by well-rounded Human Resource programs. These programs include: a commitment to upholding all employee-focused laws and regulations; providing a supportive management infrastructure; extending an open and confidential communication processes; and providing appropriate ongoing education and training programs.

Temple-Inland's community activities are rooted in the belief in the importance of being a strong corporate citizen. As a result, the company and its employees enjoy a proud, rich, and enduring heritage of community involvement. Our company giving programs focus on three areas of support: Education; Art, Cultural and Health; and Special Grants predominantly for the rural communities in which we operate.

As of December 2003, Temple-Inland had approximately 17,700 employees with approximately 201 part-time employees. One-third of the employees company wide, or 6,000 employees, are represented by independent trade union organizations and are covered by collective bargaining agreements.

Shuttle Columbia Disaster — Temple-Inland's Response is Corporate Citizenship at its Best

On February 1, 2003, Temple-Inland became a major source of forestry knowledge, technological expertise, and manpower in the critical debris search and recovery mission of the Space Shuttle Columbia disaster. With almost 100,000 acres of Texas and Louisiana landholdings in the shuttle's path, Temple-Inland was one of the first commercial forest landowners contacted by government officials involved in the massive project, including NASA, EPA, FEMA, the FBI, and the Texas National Guard.

Immediately, Temple-Inland employees put their commitment to corporate citizenship in action, becoming closely involved in the project. Personnel from the Integrated Technology Group Operations, the Spatial Development Group, and Corporate Security deployed resources at their disposal, including manpower to locate and flag debris, sophisticated GPS and GIS technologies to track activities in the air and on land, and a multi-faceted harvest procedure and communications protocol to coordinate the wide-area search and recovery effort.

Of particular value to the mission was forest management personnel's proactive creation of a strategic communications protocol, which brought a heightened level of coordination to identifying, protecting, and alerting authorities of debris sites. Temple-Inland immediately dispatched the protocol to all of its forest personnel and harvest logging contractors, then later to hunting clubs and other commercial landowners.

Also, an innovative mapping system using Temple-Inland's advanced global positioning and geographic information technologies provided all ten agencies with a single source of geographic data, which made fieldwork more efficient and ensured an optimum level of safety.



Shuttle Columbia nose cone recovery on Temple-Inland land in Sabine County, Texas.

In partnership with the various agencies, Temple-Inland's quick response helped minimize the mission's many challenges and risks, including the immense span of forestland impacted by the disaster, the diverse range of agencies involved in the recovery, and the need for quick response for both environmental safety and investigative purposes.

To date, nearly 1,000 pieces of debris have been collected from Temple-Inland land. Officials anticipate ongoing recovery for the next few years.

Making the World a Better Place

In communities across the country, Temple-Inland employees regularly participate in community projects and receive special community recognition. Here are just a few of the recent highlights.

Ronald McDonald House Charity — Since 1993, the Fun Run and other fund raising activities in Austin, Texas have raised over \$2.7 million in combined Temple-Inland Foundation, individual, and supporting organization contributions for this charity.

Statesman Capitol 10,000 and Jr. Dillo Kids Run — Some 15,000 runners, walkers, joggers, and dancers participated in the 2004 Statesman Capitol 10,000 in Austin, Texas benefiting the People's Community Clinic. Guaranty Financial Services signed on as presenting sponsor for 2004 – 2006. The People's Clinic provides affordable medical care to more than 11,000 uninsured people in Central Texas. The Jr. Dillo Run benefits the Big Brothers and Big Sisters organization.

Diboll Day — Forest Products Operation holds a biannual, month-long fundraising effort to benefit charitable organizations within the city of Diboll, Texas home of the Forest Products operations. The celebration has raised over \$3.5 million since its first event in 1953. Benefitting service organizations including the Katherine Sage Temple Day Care Center, Diboll Booster Club, Lottie & Arthur Temple Civic Center; T. L. L. Temple Memorial Library, and organized civic youth activities.

United Way — Temple-Inland operations company-wide participate in the annual campaign benefiting local community agencies. The Temple-Inland Foundation matches total individual employee contributions on a one-forone basis. In 2002-2003 the Temple-Inland Foundation contribution to United Way was \$329,494.

Hispanic Business of the Year — Guaranty Bank's Indio, California branch was honored in 2003 with the Hispanic Business of the Year award at the Eighth Annual International Hispanic Awards. Guaranty earned the recognition for its contribution of time and knowledge in the Hispanic community during the previous year. The entire Guaranty staff in Indio is bilingual and each month they participate in three to four community activities targeting the Coachella Valley.

- Clean Enterprise Recognition— In 2002, the Guanajuato, Mexico plant received the award from the State of Guanajuato's Office of the Procurator of Protection to the Environment (Procuraduria de Protección al Ambiente de Guanajuato).
- Consistently Compliant Award— For four years the Carrollton, Texas, plant has received the City of Carrollton's Environmental Division Award for its zero-discharge violations, on-time and accurate reports submission, and zero spills or other environmental instances. This recognition includes reduced wastewater sampling (a savings of \$3,000 per year) and biannual filing status (instead of monthly).
- Outstanding Employee— Kraig Armstrong at the Scotia, New York plant is the recipient of three recognitions for his ongoing environmental community service work: 1) contributions to the restoration and maintenance of the Hadley Mountain fire tower (annually since 1994); 2) participation with the Northern New York Paddlers in cleaning up the Mohawk River shoreline (every year since 1989); and, 3) work on numerous trail clean-up and restoration projects over the past 11 years, for which he received letters of appreciation from NYDEC Commissioners John Cahill and Erin Crotty and New York Governor Pataki.
- Adopt-A-Spot and Keep Evansville Beautiful— Every year since the mid-1970s, the Evansville, Indiana plant has donated over 10,000 corrugated trash boxes produced at the plant to non-profit organizations. Also, plant employees and their families volunteer to advise businesses and non-profit organizations on city-wide landscaping projects.
- Highway Beautification Project— In 2003, employees from the Garden City, Kansas, plant partnered with the city and the State of Kansas to beautify the section of U.S. Highway 50 in front of the plant. The plant purchased and planted trees and shrubs and installed a watering system. Employees regularly collect litter.



Temple-Inland supports the Ronald McDonald House charity.



Temple-Inland ClO Scott Smith tells a story to employee children during "Bring Your Child to Work Day."

Making a Community Connection

"Who has ever ordered pizza delivery?"

Every fourth and fifth grade student put a hand in the air.

"There's a good chance that box was made by Temple-Inland from used boxes that your families took to our local recycling center," explained a Temple-Inland Corrugated Packaging mill employee at this year's Earth Day celebration in New Johnsonville, Tennessee. It's just one of the ways Temple-Inland employees helped make the Company connection to the lives of some 750 students, teachers, and community leaders attending the annual event.

Temple-Inland has participated in New Johnsonville's Earth Day event since 1993. In 2003 the Company communicated its sustainability message using a variety of presentations, including showing a video of the box production process from chip unloading through final product construction; displaying a variety of Temple-Inland boxes; and showing the papermaking process. Also, teachers were provided with educational tools about recycling to use in their classrooms.

In addition to Earth Day, some of Temple-Inland's community outreach projects include the following activities:

■ Bat Conservation. Temple-Inland was host to the first multi-agency bat species conservation workshops in East Texas. More than 50 foresters and wildlife biologists from Temple-Inland, the Sabine and Davy

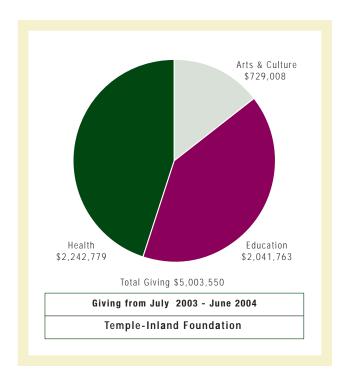
Crockett National Forests, the Texas Parks & Wildlife Department, and Bat Conservation International gathered to learn about the natural history of East Texas forest bats and how forest management can help maintain and enhance bat populations. Lectures were led by Dan Taylor, director of Bat Conservation International's Bats & Forests Initiative.

- Walk in the Woods— This event is especially designed to give members of the media and other community stakeholders the opportunity to tour Temple-Inland's forestlands. Temple-Inland's forest experts showed attendees how management techniques are matched to specific sites including soil types. Several age classes of trees and their specific management regimes were visited. Foresters answered questions on a wide variety of topics.
- Public Forestland Tours— Temple-Inland receives a number of requests from public groups and organizations for forestland tours. The company hosts these tours at various times during the year, and those involving conservation groups and school groups are priority. Wild Azalea Canyons, a company property in Newton County, Texas, is open to the public and most visited in the spring when the flowers are blooming. Hikers enjoy a wide variety of flowers, including wild and domestic azaleas, Carolina jasmines, redbuds, pear trees, and plum trees.
- Clean Texas Program Temple-Inland's Orange Mill participates in the Teaching Environmental Sciences curriculum, after joining the Clean Texas 2000 program, a voluntary environmental leadership program sponsored by Texas Commission on Environmental Quality. The event, jointly sponsored by the University of Texas and Lamar University, provides local public school teachers a tour of the mill and presentations about the facility's environmental processes.

Temple-Inland Foundation

The company established the Temple-Inland Foundation in 1986 to provide grants-in-aid, scholarships, scholastic awards, and other charitable gifts to the communities in which it has forest holdings, manufacturing, and other business operations. For fiscal year 2003, the Temple-Inland Foundation awarded over \$5 million in contributions, grants, scholarships and scholastic awards. The Foundation's major funding categories include the following:

- Temple-Inland Matching Gifts— The Matching Gifts Program supports two categories of giving: An Education Program and an Art, Culture and Health Program. During each calendar year, eligible employees may contribute a minimum of \$25 and up to a maximum of \$3,000 to qualifying organizations and the Temple-Inland Foundation will match each dollar of the first \$1,000 of an employee's contribution on a three-for-one basis, each dollar of the second \$1,000 on a one-for-one basis.
- Temple-Inland Scholarship Program— Temple-Inland supports the education of eligible employees' children through competitive four-year academic scholarships. A scholarship committee of collegiate faculty reviews applications and selects recipients based on academic achievement and leadership abilities.
- Temple-Inland Scholastic Awards— The Temple-Inland Foundation awards \$1,000 cash awards to the highest-ranking graduating senior in high schools throughout its Corrugated Packaging manufacturing and Forest Products operations' communities.
- Temple-Inland Special Grants— Grants are generally limited to local organizations within the communities in which Temple-Inland operates.



Delivering an "Outstanding" Community Reinvestment Program

Reinvesting in low- and moderate-income communities is a federally regulated responsibility of all financial institutions, including Temple-Inland's Guaranty Bank. Guaranty takes its commitment to the Community Reinvestment Act (CRA) very seriously, providing support of lending and investment activities for individuals and small businesses, and numerous community projects. Every year Guaranty Bank's CRA program helps individuals become homeowners and supports economic development in under-served areas of the community.

This commitment has resulted in consecutive rankings of "outstanding" from the Office of Thrift Supervision at every two-year performance evaluation. Only 10 percent of the nation's banks receive an outstanding rank. To date, Guaranty's CRA program activities and funding include the following:

■ Financial Housing Assistance— Guaranty has one of the most active CRA programs for financial housing assistance in the nation. Through a number of home funding programs, loans and grants are provided for variety of home ownership opportunities, including housing for the homeless, low-income families, and senior citizens, as well as home repair programs for the elderly and disabled.

- Small Business Support—Guaranty Bank participated in the creation of the Texas Mezzanine Fund, the first statewide entity to provide financing for businesses in distressed and under-served communities in Texas.
- Community Service Projects— Guaranty Bank continuously works with civic and charitable organizations, schools, churches, and other financial institutions to provide resources of both volunteer time and money to support the communities served. Among these programs is the Guaranty Basketball Association, a summer basketball league for at-risk inner-city youth Dallas, Texas and Guaranty Volleyball Association for at-risk youth in Houston, Texas's underprivileged neighborhoods.

Since its inception in 1993, Guaranty's CRA program has made available \$9,392,000 of financial assistance for 2,651 units of housing; provided \$15 million to help fund small businesses (16,000 loans to small business owners in 2003 alone); and supported 8,000 youth in its basketball association. Guaranty has received numerous awards in communities across Texas and California for its contributions.



Guaranty Bank supports a summer basketball league for inner-city youth in Dallas, Texas as well as volleyball league for at-risk youth in Houston, Texas.



Guaranti	v Rank's	Steve Ci	noner	kirks n	ff Tem	ple-Inland's	United	M/av	campaian
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Temple-Inland Foundation one-to-one matching contributions to United Way for past 3 years						
2000-2001	2001-2002	2002-2003				
\$381,956	\$253,749	\$329,494				

Diversity

Temple-Inland is committed to maintaining a work environment in which all employees feel comfortable and can contribute regardless of race, sex, religion, color, age, sexual orientation, national origin, marital status, veteran status, or disability. It is dedicated to respecting differences and treating individuals with dignity.

This philosophy has a direct impact on all of Temple-Inland's Human Resources policies and practices, including recruiting, hiring, advancement, compensation, benefits, social and recreational programs, employee facilities, training, retirement, as well as its customers, suppliers, and vendors.

There is zero tolerance for any type of harassment or discrimination. Temple-Inland's commitment to diversity is reflected in its training programs, policies, and management practices.

"Providing the entire organization with a well-conceived, well-communicated, and fully supported vision, mission, and values is key to achieving economic sustainability in a large company with three lines of businesses in multiple locations across North America. Temple-Inland is committed to upholding our guiding principles at every level of our operation and to delivering economic sustainability that does not compromise our environment today or for future generations."

 Leslie O'Neal, Vice President, Corporate Secretary, and Assistant General Counsel

TEMPLE-INLAND'S CORPORATE GOVERNANCE



he Board of Directors of Temple-Inland Inc. believes that sound corporate governance practices provide an important framework in fulfilling its responsibilities. The Board has adopted guidelines relating to its functions, structure and operations. The Board will periodically review and revise these guidelines to reflect the evolving nature of governance practices. Below are summaries of these guidelines. For the full text of the Temple-Inland Corporate Governance Guidelines visit www.templeinland.com.

Role and Function of the Board of Directors

Temple-Inland's business is conducted by its employees under the direction of the Chief Executive Officer, with the oversight of the Board of Directors. Directors are elected by the company's stockholders to oversee management and to assure that the long-term interests of the stockholders are being served.

Functions of the Board

- Oversee management performance on behalf of stockholders
- Monitor adherence to Temple-Inland's standards and policies
- Promote responsible corporate practices
- Perform the duties and responsibilities assigned to the Board by the laws of the State of Delaware (the State in which the Company is incorporated), and the United States of America, the rules of the New York Stock Exchange (NYSE) and the Pacific Exchange (PCX)

Board size

Temple-Inland's Board of Directors has agreed that 10 to 12 directors is the optimum size, although consideration may be given to increasing the size to accommodate an outstanding Director candidate or the transition of a departing Director. The Board is divided into three classes that serve staggered three-year terms and are as nearly equal in number as possible. Changes in the number of directors are approved by the full Board.

Board Membership Qualifications

Temple-Inland's guidelines for membership to its Board require that a candidate be "independent" as defined by the rules of the NYSE and by additional guidelines adopted by the Temple-Inland Board. Candidates should be free from present or potential conflicts of interest with the company (which excludes consideration of major suppliers or potential suppliers, including suppliers of professional services). Directors should possess the highest personal and professional ethics, integrity and values, and be committed to representing the long-term interests of the stockholders. Priority is given to individuals who possess outstanding business experience and who currently serve or have served as the Chief Executive Officer of a company. Directors should also be able and willing to dedicate the time necessary to Board and Committee service. Directors are re-evaluated by the Nominating and Governance Committee prior to standing for re-election.

Nominations

Temple-Inland's Board is responsible for nominating Director candidates. Director candidates recommended by stockholders will be considered under the conditions set forth in the Corporate Governance Guidelines. For the full text of guidelines governing Director candidate nominations, go to Investor Relations section at www.templeinland.com.

Stock Ownership

Share ownership in the company is encouraged, although the Board has not adopted a requirement that directors own a minimum number of shares in the company. The Company's stock incentive plan provides for a one-time grant of options to purchase Company shares to new Directors, upon their initial election to the Board, . Directors may also take their annual retainer fees and meeting fees in the form of phantom shares.

Term Limits

The Board does not believe in arbitrary term limits on Directors' service. While term limits may help ensure that fresh ideas and view points are available to the Board, they may force the Company to lose the contribution of directors who, over time, have developed valuable insight into Temple-Inland's business and operations.

Retirement Age

Non-employee directors must retire no later than the annual meeting of shareholders following their 72nd birthday. Employee directors are required to resign from the Board at the time they retire or otherwise terminate employment with the Company, but no later than their 65th birthday.

Ethics

The Board expects all directors to act ethically at all times and to adhere to the Company's Standards of Business Conduct and Ethics Policy. The Board will report any waiver of the ethics policy on the Company's Website. If an actual or potential conflict of interest arises for a Director, the Director will promptly inform the Chairman of the Board and the Chairman of the Nominating and Governance Committee. If a significant conflict exists and cannot be resolved, the director should resign. All directors will recuse themselves from any discussion or decision affecting their business or personal interests.

Committees of the Board:

The Board meets at least four times each year, and performs many of its functions through the following three committees which are composed entirely of independent Board members.

The Audit Committee assists the Board in monitoring the integrity of the Company's financial statements and financial reporting procedures, the adequacy of the internal accounting and financial controls, the independence and performance of internal and external auditors, and compliance with Temple-Inland's Standards of Business Conduct and Ethics Policy.

The Nominating and Governance Committee periodically reviews the structure of the Board to assure that the proper

skills and experience are represented, recommends nominees to serve on the Board, reviews potential conflicts of prospective Board members, recommends the size of the Board, recommends the membership of the Committees, reviews corporate governance issues, reviews shareholder proposals, reviews outside directorships in other publicly held companies, and acts in an advisory capacity to the Board regarding the Company's activities that relate to matters of public policy and the environment, health and safety programs, issues of social and public concern, as well as significant legislative, regulatory, and social trends.

The Management Development and Executive Compensation Committee is responsible for ensuring that a proper system of short- and long-term compensation is in place to provide performance-oriented incentives to management; overseeing management succession and development plans; making recommendations concerning compensation programs, retirement plans, and other employee benefit programs; approving the salaries and bonuses of all company officers and certain other personnel; and making recommendations with respect to bonuses, stock options, restricted stock, phantom stock, stock performance units, stock appreciation rights, and other current or proposed incentive plans.

Temple-Inland Inc. Board of Directors

Afsaneh M. Beschloss President and Chief Executive Officer, The Rock Creek Group

Dr. Donald M. Carlton Radian Corporation L.L.C.

Cassandra C. Carr Senior Advisor, Public Strategies, Inc.

E. Linn Draper Austin State Affairs Office

James T. Hackett

Jeffrey M. Heller President and Chief Operating Officer, EDS

Kenneth M. Jastrow, II

Chairman and Chief Executive Officer, Temple-Inland Inc.

President and Chief Executive Officer, Anadarko Petroleum Corporation

James A. Johnson

Vice Chairman, Perseus LLC

W. Allen Reed President and Chief Executive Officer General Motors Investment Management Corporation

Arthur Temple, III

Chairman of the Board, First Bank & Trust, East Texas

Larry E. Temple Attorney

Project Team to Assess Internal Controls Over Financial Reporting

In 2002, Congress passed the Sarbanes-Oxley Act as a direct response to recent events in corporate America. The purpose of the act is to protect the investors and employees of publicly traded companies from future losses due to lack of integrity in financial information.

"Section 404 of the Sarbanes-Oxley Act requires management to assess and annually attest to the effectiveness of the company's internal controls over financial reporting," said Randy Levy, Chief Financial Officer for Temple-Inland. "Temple-Inland is in full support of the Sarbanes-Oxley legislation and has initiated a Company-wide effort for compliance."

In response to the act, a team has been put in place to ensure proper compliance with Section 404 of the Act, and to identify areas for potential improvement in the internal controls over financial reporting. The Temple-Inland Sarbanes-Oxley project team kicked off the project in December 2003. The completion of the project is scheduled for fourth quarter 2004.

Members of the Sarbanes-Oxley project team include:

Troy Hester — Vice President, Accounting Center

Maria Leon — Manager, Accounting Policy and Control

Carolyn Sloan — Director, Internal Audit

Craig Gifford—Guaranty Financial Services Controller

Steve Langehennig—Guaranty Financial Services Director, Financial Accounting

Janet Marr—Guaranty Financial Services Director, Internal Audit

"We want employees to be responsive, open, and frank with the project team," said Louis Brill, chief accounting officer for Temple-Inland. "They are tasked with leading us in documenting and assessing our internal controls over financial reporting. We want to be sure that our internal controls as well as ways of doing things better, are identified now so that we can take appropriate steps before we make our public attestation that our controls are effective. The success of this effort depends on employees' participation and cooperation."

Temple-Inland's **Supplier Diversity Mission Statement**

Supplier Diversity is a means to carry out our commitment to support minority, women-owned, and disadvantaged business enterprises within the communities we serve. The process enables Temple-Inland to extend procurement opportunities to qualified businesses that can help Temple-Inland fulfill the needs and expectations of our customers while meeting our competitive business challenges. Companies wishing to register with Temple-Inland and be included in our diversity supplier database should visit www.templeinland.com.



APPENDIX

Awards and Recognitions

Certifications

Forestry Principles

Temple-Inland Environment, Health, and Safety Policy and Principles

Temple-Inland Environmental Health & Safety

AWARDS AND RECOGNITIONS

- USDA Forest Service Southern Regional Forester's Bullseye Award Neches River Rose Mallow Project (2003)
- AF&PA Forest Management Award for Conservation Forest Program (2003)
- AF&PA Environmental and Energy Award for Water Quality Management (2001)
- Texas Natural Resources Conservation Commission Texas Clean Partnership (2001)
- Top-Five Finalist for the Texas Environmental Excellence Award (2001)
- The Louisiana Nature Conservancy Conservation Leadership Award (1999-2000)
- The Texas Nature Conservancy Conservation Leadership Award (1997)
- National Wildlife Turkey Federation Land Stewardship Award
- Texas Organization for Endangered Species Preservation Award for Longleaf Pine Community
- Dow Jones Sustainability Index No. 1 Rating on Temple-Inland Inc. (2000, 2001, 2002, 2003)
- OSHA Star Award Fletcher Wallboard (2000)

- TNRCC Award for Outstanding Efforts in Environmental Protection and Pollution Prevention (1999)
- U.S. Environmental Protection Agency Environmental Excellence Award for BMP Effectiveness Monitoring (1997)
- AF&PA Energy & Environmental Achievement Award — Outstanding Achievement in Forestry Management (1997)
- Texas Water Commission Innovative Facility in Protection of our Water Resources
- U.S. Environmental Protection Agency Region 6 Certificate of Appreciation for Wetlands Protection (1997)
- Texas Water Commission Exemplary Performance in Complying with Resource Conservation and Recovery Act Rules for 1987, 1988, 1989

CERTIFICATIONS

- AF&PA Sustainable Forestry Initiative (SFI) Certification of Temple-Inland Forest
- AF&PA Sustainable Forestry Initiative (SFI) on-product labeling approval for certain manufacturing sites
- ISO 14001 EMS Certification for Temple-Inland Forest
- FSC (Forest Stewardship Council) Certification at facilities in Mt. Jewett, Pennsylvania and Pembroke, Ontario, for MDF.
- SCS (Scientific Certification Systems) Certified West Memphis Wallboard and Cumberland City Wallboard
- SCS Certification on southern four particleboard facilities in Diboll, Texas; Hope, Arkansas; Monroeville, Alabama and Thomson, Georgia
- SCS Certification on engineered wood siding from Fiber Products facility in Diboll, Texas
- Annual verification of meeting AF&PA Environment, Health, and Safety Principles

RELATED INITIATIVES

- Chicago Climate Exchange pilot program member
- Application of Sustainable Development Concepts
- Ongoing soil productivity and water quality research related to forest management practices
- International Organization of Standardization environmental management system certification or concept in all operations
- Member of Global Environmental Management Initiative
- Founding member of the United States
 Business Council for Sustainable Development
- Formal internal second-party system and compliance audit program
- Member, International Leadership Council of The Nature Conservancy

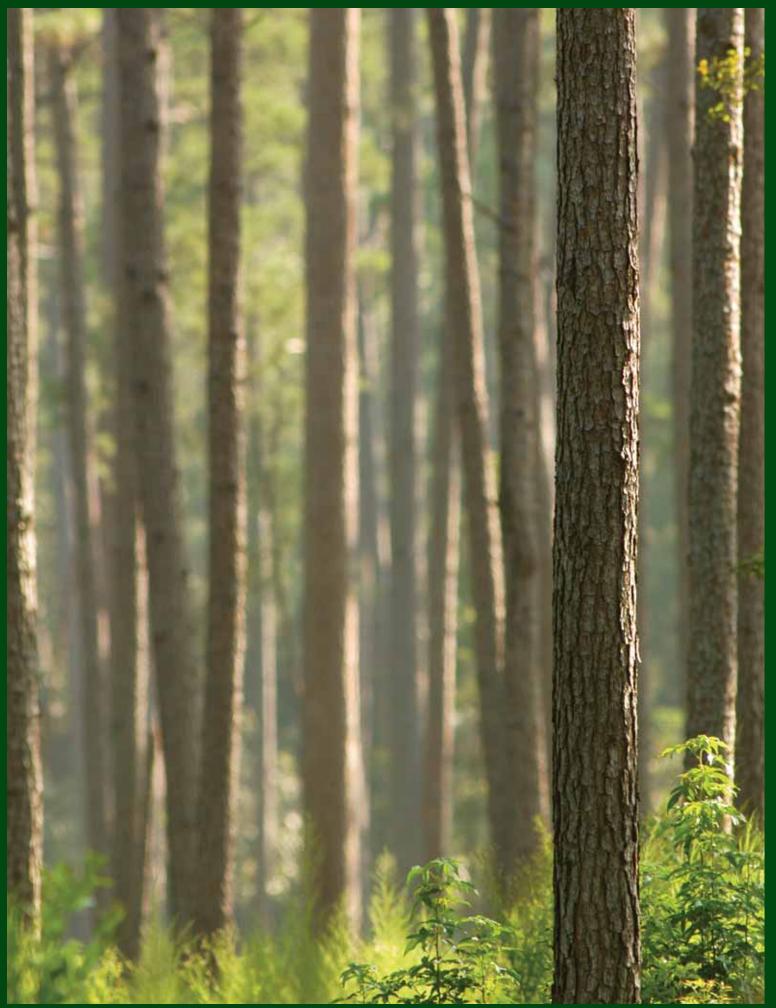


Forestry Principles

An important goal of the company's Forestry Principles is to help ensure the renewability and perpetuity of its forest resources for future generations. Each of Temple-Inland's 12 Forestry Principles embodies diversity and wildlife enhancement practices that are integrated into our day-to-day forest operation.

1. Temple-Inland will plan and implement harvest-site size and shape to accommodate environmental quality and site aesthetics, while meeting wood supply demands.

- 2. Temple-Inland will meet or exceed existing voluntary Best Management Practices (BMPs) for forest practices, applicable state water quality laws and regulations, and the requirements of applicable state or federal wetlands legislation on all Company-controlled lands.
- 3. Temple-Inland will provide a variety of diverse forestland habitats by creating varied successional stages of planted and natural vegetation widely distributed throughout Company-controlled lands. Endangered species will be protected by maintenance of suitable habitat for their survival.
- **4.** Temple-Inland will use the latest techniques to protect forests from wildfire, pests, diseases, and other damaging agents, while maintaining long-term forest health and productivity.
- **5**. Temple-Inland will manage forest fiber utilization practices to ensure efficient use of forest resources.
- 6. Temple-Inland will identify, map, and create a central file of unique biological, geologic, archaeological, and historical sites on Company lands. These Company-designated Distinctive Sites will be managed to protect their unique qualities.
- 7. Temple-Inland will exercise prudent care in the use of fertilizers, herbicides, and other forest chemicals to ensure the protection of human and environmental health.
- 8. Temple-Inland recognizes the silvicultural and environmental benefits of prescribed fire in some forest management activities, and will apply this tool in the prudent manner required to maintain the integrity of its forest resources.
- **9.** Temple-Inland will strive to eliminate illegal dumping of waste materials on its lands through education, legislation, and enforcement.
- 10. Temple-Inland will support forest management and forest environmental research that furthers the understanding of the complex interactions of forest systems and promotes better management of the forest asset.
- 11. Temple-Inland will endeavor to broaden the practices that accomplish its perpetual forests by involving and educating private non-industrial landowners, contractors, and employees in its applications and objectives.
- **12.** Temple-Inland will emphasize and promote the understanding of forest-environmental and forest-management issues among all employees and the general public.



TEMPLE-INLAND ENVIRONMENT, HEALTH, AND SAFETY POLICY AND PRINCIPLES

emple-Inland Inc. is committed to and takes seriously its responsibility for protecting the environment, promoting environmental stewardship and maintaining its commitment to the well being of its employees and the communities in which it operates. This philosophy starts with the company's Board of Directors and extends through its senior management to every employee. Our environment, health, and safety policies and programs are the foundation for the Company's pledge to care for the environment and the health and safety of our employees, customers, and neighbors. We are dedicated to continuous improvement of our Environmental and Safety Management Systems to ensure that Temple-Inland will enhance its leadership position in environmental and safety and health management and demonstrate its ongoing commitment to manage its businesses in accordance with the following principles:

Environment, health, and safety principles

- Make environment, safety and health management and sustainable development an integral part of strategic planning and decision-making.
- Be an environmentally responsible neighbor by understanding, communicating, and responding to public health and environmental effects of our operations and products.
- Continuously improve Temple-Inland's environment, safety and health management systems and performance and periodically issue progress reports to the public.
- Meet or exceed all applicable government requirements and voluntary requirements to which Temple-Inland subscribes. Apply internal standards for situations not adequately covered by law or regulation or where we believe more stringent measures are necessary to protect human health and the environment.
- Design forestry practices to maintain forestlands as a multiple resource asset while integrating environmental benefits and best management practices. Fiber production; fish and wildlife habitat; plant life; air and water quality; and cultural, historical and aesthetic values will be considered to ensure that our products come from responsibly managed forests.

- Conduct rigorous audits and self-assessments of Temple-Inland's compliance with this policy, measure progress of Temple-Inland's environment, safety and health performance and report periodically to the Board of Directors.
- Ensure employees are trained and empowered to participate actively in Temple-Inland's environment, safety and health management processes.
- Conserve natural resources and promote energy conservation by striving to reuse and recycle materials, purchase recycled materials, and maximize by-product reuse, as available and/or possible. Seek and implement, wherever possible, methods to reduce or eliminate waste and prevent pollution. Promote programs that sustain and renew the company's forestlands.
- Continuously improve and develop processes to minimize waste, prevent air and water pollution, minimize health and safety risks, and dispose of waste safely and responsibly.
- Maintain an effective program to prevent or eliminate any conduct that may violate environmental, safety, and health standards, codes and regulations or otherwise not comply with this environment, safety and health policy.
- Integrate safety into the daily operating practices by requiring all employees to take an active role in safety and health initiatives.
- Actively support research and technological advancement and, where appropriate, adopt innovative practices and technology.
- Promote these principles by sharing experiences and offering assistance to others who can benefit from Temple-Inland's practices.

Global Reporting Initiative Content Index

The following table shows where we address sustainability elements and core performance indicators as defined by the Global Reporting Initiative. The symbol SR indicates coverage in this report; AR denotes coverage in our annual report to shareholders located on the World Wide Web (www.templeinland.com), WP indicates information may be found on our Webpage. Information that has not been publicly released or is not applicable to this report is indicated by the symbol NR.

Vision and	Governance	EC 3AR	LA 4NR
Strategy	Structure and Management	EC 4NR	LA 5pg. 24
1.1pg. 6	Systems	EC 5NR	LA 6pg. 24
1.2pg. 3	3.1pg. 32 & WP	EC 6AR	LA 7pg. 25
	3.2WP	EC 7AR	LA 8NR
Profile	3.3pg. 32 & WP	EC 8AR	LA 9NR
2.1pg. 1	3.4WP	EC 9NR	LA 10pg. 31 & WP
2.2pg. 1	3.5WP	EC 10pg. 29	LA 11NR
2.3AR	3.6NR		
2.4pg. 4,5	3.7pg. 6	Environment	Human Rights
2.5pg. 4	3.8AR	EN 1NR	HR 1WP
2.6AR	3.9NR	EN 2pg. 4	HR 2NR
2.7AR	3.10NR	EN 3pg. 18	HR 3NR
2.8pg. 7 & AR	3.11NR	EN 4NR	HR 4NR
2.9NR	3.12NR	EN 5pg. 22	HR 5NR
2.10pg. 40	3.13NR	EN 6pg. 8-15	HR 6NR
2.11pg. 40	3.14pg. 10,12,13,14,19,	EN 7pg. 14,36	HR 7NR
2.12pg. 40	20,22-25,27-30,35,36	EN 8pg. 21	
2.13pg. 40	3.15pg. 35,36	EN 9NR	Society
2.14pg. 40 & AR	3.16pg. 34 & WP	EN 10pg. 20,21	SO 1pg. 26
2.15pg. 40 & AR	3.17NR	EN 11pg. 23	SO 2WP
2.16AR	3.18WP	EN 12pg. 22	SO 3WP
2.17pg. 40	3.19throughout	EN 13AR	
2.18pg. 40	3.20pg. 35,36	EN 14NR	Product
2.19pg. 40 & AR	10	EN 15NR	Responsibility
2.20pg. 40 & WP	GRI Content Index	EN 16pg. 18	PR 1WP
2.21pg. 40	4.1pg. 39	10	PR 2WP
2.22pg. 40		Labor	PR 3WP
	Economic	LA 1pg. 26	
	EC 1pg. 7	LA 2NR	
	EC 2NR	LA 3AR	

Report Profile

Data contained in this report covers Temple-Inland's operations during calendar year 2003 unless otherwise noted. All environmental reporting data cover Temple-Inland operations owned during 2003, including operations obtained in the 2002 acquisitions of Gaylord Container Corporation and Mack Packaging Group, Inc. Environmental reporting data does not include the operations of Guaranty Financial Services, since these operations have minimal environmental impact.

Temple-Inland published an Environmental Annual Report in 2000. This Sustainability Report expands our reporting data to include economic and social aspects of the Company. This report is the Company's first to use the Global Reporting Initiative (GRI) guidelines as a blueprint for reporting. This report is an informal presentation of the Company's performance using the GRI indicators as a measure of sustainability.

GRI was initiated in 1997 by the Coalition for Environmentally Responsible Economies (CERES) in partnership with the United States Environment Programme. The GRI guidelines and performance indicators organize a company's sustainable reporting in terms of economic, environmental, and social performance, triple bottom line. Temple-Inland has made every effort to index the GRI indicators to known and verifiable company data. This indexing uses GRI codes that relate to specific performance indicators. The index is on page 39. For more information regarding the Global Reporting Initiative, visit www.globalreporting.org.

Information verification for this report is taken from a number of internal sources including company databases, interviews, surveys, and reports. Internal subject area experts including auditing processes verify the information. Temple-Inland's management is responsible for the fair presentation of the information in this report and reflects the best judgment of the company based on the completeness and accuracy of the information available and analyzed at the time of publication.

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Additional Information

Additional copies of this report may be obtained on the World Wide Web at www.templeinland.com; by mailing your request to Temple-Inland Investor Relations; P.O. Box 40; Austin, Texas 78767; or by calling Investor Relations 512.434.5587.

This report contains forward-looking statements that involve risks and uncertainties. The actual results of Temple-Inland may differ significantly from the results discussed in the forward-looking statements. Factors that might cause such differences include general economic, market, or business conditions; the opportunities (or lack thereof) that may be presented to and pursued by Temple-Inland; the availability and price of raw materials; competitive actions by other companies; changes in laws or regulations; the accuracy of judgments and estimates concerning the integration of acquired operations and Temple-Inland's consolidation and supply chain initiatives; and other factors, many of which are beyond the control of Temple-Inland.

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Design/Production: Temple-Inland External Communications
This brochure is printed on paper manufactured with 100% postconsumer fiber, process chlorine free, FSC certified, and made with wind power.

